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**NEW JOB AND COST REDUCTION OPPORTUNITIES EMERGE AS
MANUFACTURERS CONTEMPLATE MIGRATION BACK TO THE U.S., NEW
ARCHSTONE CONSULTING STUDY SHOWS**

Increasing Costs and Other Challenges Dampen Enthusiasm for Off-shore Manufacturing

STAMFORD, CT – February 9, 2009 – Archstone Consulting, a leading management strategy and operations consultancy, today announced a new study showing that companies are contemplating the re-establishment of manufacturing domestically, amid rising costs and other strategic challenges within the off-shoring model. As companies reassess their manufacturing and supply chain strategies for today's global economic environment, the trend may create significant job opportunities in the U.S., according to the recent study.

“For years, the concept of off-shoring, or moving production and/or sourcing operations to a foreign country, has been the mantra of any supply chain manager looking to cut costs,” said John Ferreira, Principal and Global Manufacturing Industry Practice Leader, Archstone Consulting. “Now, amid volatile oil prices and an uncertain global economic future, this analysis no longer is a certainty. Furthermore, companies that will commit to domestic manufacturing can spur much-needed improvements in customer service, innovation and job creation – especially when servicing the large domestic market.”

A Wake-up Call for Manufacturers

The Archstone study revealed that in the last three years, manufacturers have seen a significant increase in costs related to off-shoring manufacturing for export purposes rather than in country demand, which include:

- Ocean freight costs have increased 135%, highlighting risks and cost volatility.
- The global commodity price index has risen by 27%.
- The Chinese Yuan has gained 18% in value compared to the U.S. dollar.
- Chinese manufacturing wages have risen by 44%.

The True Cost of Off-shoring

In addition to the rising costs of conducting business on a global basis, the study found several soft cost issues, which affect the true cost of off-shoring, including:

- Slower Cycle/Delivery Time (59% of respondents)
- Reduced Supply Chain Flexibility and Responsiveness (56% of respondents)
- Lost Visibility, Coordination and Control Over the Supply Chain including Quality (50% of respondents)
- Bottlenecks in Logistics Networks (e.g., ports, transportation) (50% of respondents)

“The perceived 25-40% cost savings associated with off-shoring has previously been made possible by low labor costs, cheap commodities and favorable exchange rates – factors that no longer exist in today’s marketplace.” continued Mr. Ferreira.

A New Opportunity Emerges

The study found that almost 90% of the companies surveyed are considering changing – or have begun changing – their manufacturing and supply strategy and are being more and more selective in making off-shoring decisions. U.S. manufacturers have become increasingly aware of the need for a more sophisticated total cost model that considers factors such as supplier price and terms, delivery costs, operations and quality costs, customer-centric supply capabilities and other situational costs that arise.

“Manufacturers who approach sourcing decisions with a holistic perspective – evaluating market and customer demands and competitive strategy against a comprehensive knowledge of total cost – will likely increase revenue and lower costs, giving U.S. companies a powerful competitive advantage,” concluded Mr. Ferreira.

About the Study

Archstone Consulting surveyed 39 senior executives from U.S. and European-based manufacturers, primarily from consumer goods and electronic industries, to assess the evolving footprint of global manufacturing and supply networks. *For further details on the study findings, please contact David Schutzman at dschutzman@archstoneconsulting.com or (203) 940-8221.*

About Archstone Consulting

Archstone Consulting is a leading Strategy and Change, Operations and CFO Advisory management consulting firm, specializing in the consumer products, retail, life sciences and general manufacturing industries. Archstone Consulting offers experienced support, efficient execution and measurable results. Headquartered in Stamford, Connecticut, Archstone Consulting has offices in Amsterdam, Chicago, New York, San Francisco and Toronto. For additional information, please visit us at www.archstoneconsulting.com.